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STANDING COMMITTEE ON FINANCE
(2016-17)

SIXTEENTH LOK SABHA

MINISTRY OF PLANNING

***[Action taken by the Government on the recommendations contained in Thirty-First Report of the Standing Committee on Finance on* 'Demands for Grants (2016-17)]**

FORTY-SECOND REPORT

LOK SABHA SECRETARIAT
NEW DELHI

December, 2016 / Agrahayana, 1938 (Saka)

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***[Action taken by the Government on the recommendations contained in Thirty First Report of the Standing Committee on Finance on* 'Demands for Grants (2016-17)]**

Presented to Lok Sabha on 07 December, 2016

Laid in Rajya Sabha on 07 December, 2016

LOK SABHA SECRETARIAT
NEW DELHI

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** Not appended in the cyclostyled copy*

COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2016-17

Dr. M. Veerappa Moily - Chairperson

MEMBERS

LOK SABHA

2. Shri T.G. Venkatesh Babu
3. Shri Gopalakrishnan Chinnaraj
4. Shri Nishikant Dubey
5. Shri P.C. Gaddigoudar
6. Shri Shyama Charan Gupta
7. Prof. Sanwar Lal Jat
8. Shri Rattan Lal Kataria
9. Shri Chandrakant B. Khaire
10. Shri Bhartruhari Mahtab
11. Shri Prem Das Rai
12. Shri Rayapati Sambasiva Rao
13. Prof. Saugata Roy
14. Shri Jyotiraditya M. Scindia
15. Shri Gajendra Singh Sekhawat
16. Shri Gopal Chinayya Shetty
17. Shri Anil Shirole
18. Dr. Kiritbhai Solanki
19. Dr. Kirit Somaiya
20. Shri Dinesh Trivedi
21. Shri Shivkumar C. Udasi

RAJYA SABHA

22. Shri Naresh Agrawal
23. Shri Naresh Gujral
24. Shri Satish Chandra Misra
25. Shri A. Navaneethakrishnan
26. Dr. Mahendra Prasad
27. Shri C.M. Ramesh
28. Shri T.K. Rangarajan
29. Shri Ajay Sancheti
30. Shri Digvijaya Singh
31. Dr. Manmohan Singh

SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri P.C. Tripathy	-	Director
3.	Shri Ramkumar Suryanarayanan	-	Additional Director
4.	Ms. Melody Vungthiansiam	-	Committee Assistant

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Forty-Second Report on action taken by Government on the Observations / Recommendations contained in the Thirty-First Report of the Committee (Sixteenth Lok Sabha) on "Demands for Grants (2016-17)" of the Ministry of Planning.

2. The Thirty-First Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 28 April, 2016. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 17 June, 2016.

3. The Committee considered and adopted this Report at their sitting held on 30 November, 2016.

4. An analysis of the action taken by the Government on the recommendations contained in the Thirty-First Report of the Committee is given in the Appendix.

5. For facility of reference, the observations / recommendations of the Committee have been printed in bold in the body of the Report.

NEW DELHI
01 December, 2016
10 Agrahayana, 1938 (Saka)

DR. M. VEERAPPA MOILY,
Chairperson,
Standing Committee on Finance

REPORT

CHAPTER – I

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their 31st Report (Sixteenth Lok Sabha) on Demands for Grants (2016-17) of the Ministry of Planning which was presented to Lok Sabha / Laid in Rajya Sabha on 28 April, 2016.

2. The Action Taken Notes have been received from the Government in respect of all the 13 recommendations contained in the Report. These have been analyzed and categorized as follows:

(i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1, 3,4, 6,7,8,9,10,11,12 & 13 (Total 11)
(Chapter- II)

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

NIL (Total NIL)
(Chapter- III)

(iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee:

Recommendation Nos. 2 & 5 (Total 02)
(Chapter -IV)

(iv) Recommendations/Observations in respect of which final replies by the Government are still awaited:

NIL

(Total - NIL)
(Chapter- V)

3. The Committee desire that the replies to the observations/recommendations contained in Chapter-I may be furnished to them expeditiously.

4. The Committee will now deal with and comment upon the action taken by the Government on some of their recommendations.

Recommendation (Serial No.2)

Budgetary Allocations

5. The Committee note that there has been a substantial pruning of budgetary allocations in respect of the Ministry of Planning for 2016-17. The scrutiny of Demands for Grants (2016-17) of the Ministry shows that the Budget Estimates (BE) of Rs. 2114.52 crore in 2015-16 have been reduced to a paltry Rs. 200 crore in 2016-17 under the Plan Section, a reduction of over 90%. The Committee believe that the huge reduction in allocations has apparently resulted from the discontinuation / transfer of some programmes / schemes like Unique Identification Authority of India, Public Financial Management System (earlier name PA & PFMS), etc. The Ministry have apprised the Committee that as per the Allocation of Business Rules (AOB) of NITI, NITI is the successor of the erstwhile Planning Commission. Accordingly, to complete the committed liabilities against the Schemes which were approved by either CCEA or by the then Government as well as to undertake certain new initiatives in States and Union Territories, Ministry of Finance was requested to provide necessary allocation for FY 2016-17. However, there is no such provision in the Demands for Grants of the Ministry of Planning for 2016-17 (BE). The Committee are of the firm opinion that there should have been higher allocation to Ministry of Planning (NITI) in form of BE / discretionary fund / special fund to undertake their committed liabilities / economic reforms and to make focused interventions. The Committee strongly recommend that the Ministry of Planning should impress upon and pursue the Ministry of Finance for higher grants at RE level for fulfilling their urgent & emerging role. The Committee recommend that the Ministry in the meantime should make the optimum use of the budgetary allocations during the year.

6. In their action taken reply the Ministry of Planning have submitted as follows:-

"For the financial year 2016-17(BE), the Ministry of Finance was requested to make a provision of Rs.31,334 crore to fulfill the urgent and emerging role of NITI Aayog like facilitating allocations to the States to take up various projects under priority areas, completion of their ongoing projects under Special Plan Assistance(SPA)/Backward Region Grant Fund(BRGF) (KBK, Bundelkhand etc.), Reconstruction & Rehabilitation (R&R) in States affected by Natural Disasters, new initiatives in Innovation and Technology etc. However, no such provision was made in the Union Budget 2016-17. A fresh request has been made in May, 2016 to the Ministry of Finance to re-consider the provision of funds for above mentioned reasons at the 2016-17 (RE) stage."

7. The Committee note that despite NITI's request for a provision of Rs.31,334 crore to fulfill their mandate, the Ministry of Finance have made no such provision in the Union Budget 2016-17. The Committee have also been informed that a fresh request has been made in May, 2016 to the Ministry of Finance to re-consider the provision of funds. Since non allocation of funds in the Union Budget 2016-17 (BE stage) would adversely impact upon the priority areas/ projects, causing derailment of development goals, the Committee reiterate the Ministry to pursue the matter further with the Ministry of Finance to obtain suitable provision for the same at the RE (2016-17) stage. The Committee also note that the Ministry have not indicated anything regarding utilisation of the budgetary allocations so far made to NITI during the year and would like to be apprised on the same. The Committee would expect greater clarity on the allocative role of the NITI vis-a-vis the Ministry of Finance with regard to allocation and utilisation of funds earmarked in the Budget.

Recommendation (Serial No.5)

Mid Term Appraisal of 12th Five Year Plan

8. The Committee have been informed that a decision was taken in February, 2015 to the effect that the NITI would undertake Mid Term Appraisal of the 12th Five year Plan with a view to incorporating the shared vision of national development and important initiatives of the Central Government so that they may be implemented in the last two years of the Plan. The Committee are constrained to note that even though the

12th Plan is in its last year of operation, this vital exercise has not yet been completed and the NITI has prepared only a draft Appraisal Document. With less than one year of the Plan period left, the Committee wonder how the suggestions of the NITI would be effectively implemented in such a short duration of the remaining period of 12th Plan. The Committee view that the NITI should have been proactive in the matter and completed the job much earlier. In any case, they would like the NITI to complete the entire process on war footing so that their suggestions and initiatives can be implemented in the last leg of the Plan period.

9. In their action taken reply the Ministry of Planning have submitted as follows:-

" The observations of the Committee have been noted. The Appraisal Document of the 12th Five Year Plan prepared by NITI Aayog is under revision in order to update the status/information based on Union Budget 2016-17 and Economic Survey 2015-16. The transition from Planning Commission to NITI Aayog has caused considerable delay in undertaking such important task. This would be processed for necessary approvals at appropriate levels in the Government, before placing it in the Parliament. "

10. The Committee note that the appraisal document of the 12th Five Year Plan is under revision based on Union Budget 2016-17 and Economic Survey 2015-16. The Committee are not entirely satisfied with the reply of the Ministry in which they have stated that the document would be processed for necessary approvals at appropriate levels in the Government before placing it in the Parliament. Given the fact that the Plan period is in its last stage, the Committee would like to reiterate that the NITI should complete the entire process on war footing so that their suggestions and proposals can be implemented within the 12th Plan Period.

Recommendation (Serial No. 13)

NITI Task Forces

11. In pursuance of the decision taken by the Governing Council of the NITI, two separate Task Forces on Agriculture Development and Elimination of Poverty have

been constituted in March 2015 under the Chairmanship of the Vice Chairman, NITI. The terms of reference for the Task Force on Agriculture Development include coordination and development of synergy with the Task Forces of the States and move towards the second Green Revolution and White Revolution and the First Blue Revolution in Fisheries. The terms of reference for the Task Force on Elimination of Poverty include coordination and development of synergy with the Central Ministries and State Governments Task Forces. The order dated 9th March, 2015 constituting these Task Forces also mentions that the Task Forces will ensure that the report of Task Forces of the States are available by June 15, 2015 and thereafter would process these reports to prepare their own report within the next two weeks. The Committee would like to be apprised of the status of the report of the Task Force and the action taken by NITI with respect to the findings / recommendation of the Task Force as the country is eagerly looking forward to second Green Revolution & White Revolution and first Blue Revolution in fisheries.

12. In their action taken reply the Ministry of Planning have submitted as follows:-

"Status of Task Force on Agriculture:

The NITI's Taskforce on Agricultural Development was constituted on 16th March, 2015. Subsequently, States also constituted the parallel Taskforces. So far 22 States/UTs viz., Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Kerala, Maharashtra, Meghalaya, Manipur, Nagaland, Odisha, Punjab, Rajasthan, Telangana, Tripura, Uttarakhand, Andaman & Nicobar Island and Dadra & Nagar Haveli have submitted their reports/recommendations. Based on the work of NITI's Task Force an Occasional Paper entitled 'Raising Agricultural Productivity and Making Farming Remunerative for Farmers' was made public on the website of NITI Aayog (www.niti.gov.in). This paper has been extensively covered in the media. Consultations with the State Governments have also been completed through regional meetings in February, 2016. The Report of the Task Force on Agricultural Development is likely to be submitted shortly.

Status of Task Force on Elimination of Poverty in India:

In response to the decision taken in the first meeting of the Governing Council of NITI Aayog held under the Chairmanship of Hon'ble Prime Minister on 8th February, 2015, a Task Force on Elimination of Poverty in India was constituted by NITI Aayog on16th March, 2015 under the Chairmanship of Dr. Arvind Panagariya, Vice Chairman, NITIAayog.

Terms of Reference of the Task Force of NITI Aayog are as follows:

i. To coordinate and develop synergy with the Central Ministries and State Governments' Task Forces.

ii. To develop working definition of poverty.

iii. To prepare a roadmap for elimination of poverty.

iv. To suggest strategies and anti-poverty programmes including reform of the existing ones.

v. To identify successful anti-poverty programmes from which all states and UTs can learn,

vi. Any other relevant measures.

The Task Force has held consultation with different stakeholders in three meetings. Based on the work of the Task force of NITI Aayog and inputs provided in the States' reports, an occasional paper on 'Eliminating Poverty: Creating Jobs and Strengthening Social Programs' has been prepared and posted on official website of NITI Aayog (www.niti.gov.in). This paper was discussed with States & UTs in four Regional Consultation meetings held in Hyderabad, Jaipur, Delhi and Patna on 13th April 2016, 22nd April 2016, 2nd May 2016 and 6th May 2016 respectively. The Task Force is in the process of preparation of its report."

13. The Committee note that according to the order dated 9 March, 2015, the Task Forces on Agriculture Development and Elimination of Poverty were to ensure that the reports of the States would be available by June 15,2015 and to prepare their own report within the next two weeks. The Ministry have however

informed that occasional papers have been prepared by both the Task Forces. The Committee are thus constrained to observe that the reports of both the Task Forces are still under process even after more than a year of the target set in this regard. The Committee would, therefore, desire that the Task Forces expedite and finalise their reports soon, as the country is keenly looking forward to second Green Revolution and White Revolution and the first Blue Revolution in fisheries.

Minutes of the Seventh sitting of the Standing Committee on Finance
The Committee sat on Wednesday, the 30 November, 2016 from 1500 hrs. to 1615 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.
PRESENT

Dr. M. Veerappa Moily - Chairperson

LOK SABHA

2. Shri T.G. Venkatesh Babu
3. Shri Gopalakrishnan Chinnaraj
4. Shri Nishikant Dubey
5. Shri P.C. Gaddigoudar
6. Prof. Sanwar Lal Jat
7. Shri Chandrakant B. Khaire
8. Shri Bhartruhari Mahtab
9. Shri Prem Das Rai
10. Shri Rayapati Sambasiva Rao
11. Shri Gajendra Singh Sekhawat
12. Shri Gopal Chinayya Shetty
13. Shri Anil Shirole
14. Dr. Kiritbhai Solanki
15. Dr. Kirit Somaiya
16. Shri Dinesh Trivedi
17. Shri Shivkumar Udasi

RAJYA SABHA

18. Shri Naresh Gujral
19. Shri A. Navaneethakrishnan
20. Dr. Mahendra Prasad
21. Shri T.K. Rangarajan
22. Shri Ajay Sancheti
23. Shri Digvijaya Singh

SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri P.C. Tripathy	-	Director
3.	Shri Ramkumar Suryanarayanan	-	Additional Director
4.	Shri Kulmohan Singh Arora	-	Deputy Secretary

WITNESSES

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2. XX XX XX XX XX XX.

3. Thereafter, the Committee took up the following draft reports for consideration and adoption:

(i) Draft Report on 'The Companies (Amendment) Bill, 2016

(ii) Draft Report on Action Taken by the Government on the Recommendations contained in the 20th Report (16th Lok Sabha) on "Planning Process - A Review "

(iii) Draft Report on Action Taken by the Government on the Recommendations contained in the 27th Report (16th Lok Sabha) on "Non - Performing Assets Of Financial Institutions "

(iv) Draft Report on Action Taken by the Government on the Recommendations contained in the 29th Report on Demands For Grants (2016-17) of the Ministry of Finance (Departments of Economics Affairs, Expenditure, Financial Services and Disinvestment.

(v) Draft Report on Action Taken by the Government on the Recommendations contained in the 30th Report on Demands For Grants (2016-17) of the Ministry of Finance (Department of Revenue).

(vi) Draft Report on Action Taken by the Government on the Recommendations contained in the 31st Report on Demands For Grants (2016-17) of the Ministry of Planning.

(vii) Draft Report on Action Taken by the Government on the Recommendations contained in the 33rd Report on Demands For Grants (2016-17) of the Ministry of Statistics and Programme Implementation.

After some deliberations, the Committee adopted the above draft Reports with minor modifications and authorised the Chairperson to finalise them and present these Reports to Parliament.

4. XX XX XX XX XX XX.

The Committee then adjourned.

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY FIRST REPORT OF THE STANDING COMMITTEE ON FINANCE (SIXTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2016-17) OF THE MINISTRY OF PLANNING

		Total	% of total
(i)	Total number of Recommendations	13	
(ii)	Recommendations/Observations which have been accepted by the Government (vide Recommendation at Sl.Nos.1,3,4,6,7,8,9,10,11,12,13 & 14)	11	84.61%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	Nil	0.00
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (vide Recommendation at Sl. Nos. 2 & 5)	02	15.39%
(v)	Recommendations/Observations in respect of which final reply of the Government are still awaited	Nil	0.00